

H. A. Miller, Jr.
 VP & Corporate Counsel
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February 14, 2006

RECEIVED

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**PUBLIC SERVICE
 COMMISSION**

Hon. Beth O'Donnell
 Executive Director
 Kentucky Public Service Commission
 211 Sower Boulevard
 Frankfort, KY 40601

Re: Case No. 2005 – 00437

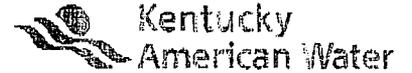
Dear Public Service Commission,

The Commission has requested a response to the staff memorandum summarizing the informal conference of January 31, 2006 regarding the complaint of Jeffrey Charles Quarles. Due to the proximity of Kentucky American Water's facilities, Kentucky American Water was made a party to this case to assist the Commission in developing facts to adjudicate Complainant's complaint.

As a result of informal conference, representatives of Kentucky American Water and Peaks Mill Water District have met and have had a number of discussions regarding the Complainant's possible connection to either of their respective facilities. Kentucky American Water acknowledges that Peaks Mill has participated in these discussions without waiving any of its assertions in its Motion to Dismiss in the case.

Both Peaks Mill and Kentucky American Water have studied various options to determine whether and how a connection may be made as requested in the Complainant's action. The option of moving the master meter from Kentucky American's point of termination to the Franklin/Owen County line was one option raised in the informal conference. Depending on a number of factors, this could have an approximate cost of \$2500 to \$3500. Further, the transfer, if any, of the 700 feet of Peaks Mill water line inside Owen County to Kentucky American Water would be accomplished by either a sale or a contribution to Kentucky American Water. We understand that Peaks Mill is researching the depreciated cost of this asset.

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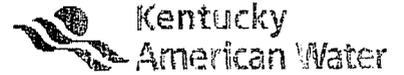
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Due to the financial assessments that must be performed and the formal action that may be required by the parties, Kentucky American Water respectfully requests an additional 30 days within which to report its position to the Commission.

Respectfully submitted,

A handwritten signature in cursive script that reads "Herb Miller".

Herbert A. Miller, Jr.
Vice-President and Corporate Counsel



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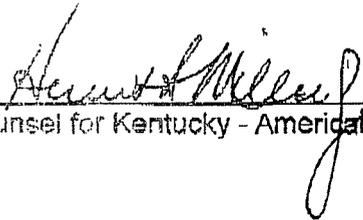
I certify that, on February 14, 2006, copies of the foregoing response were sent by first class mail to:

Jeffrey Charles Quarles
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Frankfort, KY. 40601

James R. Goff
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